



# U.S. Commercial Service News

## Your Strategic Business Partner in Russia

### Moscow - St. Petersburg - Yekaterinburg - Vladivostok

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### Message from the Senior Commercial Officer

This is our first issue of the U.S. Commercial Service news from Russia. Our mission is to keep you abreast of new business developments and opportunities in this changing market. To that end, we will publish this newsletter bi-monthly. We want to ensure that this publication meets your informational needs and we welcome your comments and suggestions. Please direct your comments to [Moscow.office@mail.doc.gov](mailto:Moscow.office@mail.doc.gov).

### Russia's Robust Economy

Russia today is fundamentally a different country from what it was 10 years ago. The country's macro-economic indicators are stronger and healthier than at any time during the last 10 years.

In the last two years, the Russian Government has placed an emphasis on major structural reforms with the goal of creating long-term sustainable growth.

Significant democratic and economic reforms have been implemented under President Putin's leadership and the economy posted impressive growth rates in both 2000 and 2001.

To learn more about changes and opportunities in the new Russia be sure to read our New Country Commercial Guide scheduled for release on July 15. Contact [Geoffrey.Cleasby@mail.doc.gov](mailto:Geoffrey.Cleasby@mail.doc.gov) for your copy.

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### May Summit Highlights Growing Emphasis on Economic Cooperation

The key message to emerge from the Summit of President Bush and President Putin in late May, was that economic cooperation, trade and investment have become the defining feature of the relationship between our two countries.

President Bush voiced strong support for moving forward Russia's graduation from the Jackson-Vanik requirements, as well as Russian accession to the WTO on standard terms.

The Presidents launched a new energy dialogue, recognizing Russia's role in the global economy and the potential for developing Russia's oil and gas reserves.

### News Briefs From Russia

On June 6, The United States recognized Russia as a market economy.

According to a recent World Bank quarterly report, the Russian economy will see an annual average GDP growth rate of 5.2% between 2002-2010.

The Central Bank's foreign exchange and gold reserves stood at \$42.2 billion as of May 31, 2002.

A recent business survey found growing business confidence in Russia with 80% of managers in key industries (up from 77% in January) reporting a positive outlook.

Russia's information technology industry, currently estimated at \$3.2 billion a year, is expected to double by 2005. The number of regular Internet users grew 39 percent last

## **Commercial Service Russia's Products & Services**

### **Gold Key Matching**

#### **Service**

Planning a business trip to Russia? The Gold Key program will help you make the most of your visit by introducing you to prescreened and prequalified Russian companies that are definitely interested in meeting you.

### **International Partner Search**

The International Partner Search (IPS) identifies up to five prescreened local companies that are interested in working with your company. No more cold calls or following up on random trade show contacts!

year to 4.3 million, the number is up another 4.7 percent so far this year and is expected to increase eightfold by 2005. The number of personal computers in the country rose 17.2 percent last year, from 6.4 per 100 people to 7.5.

Investments in the Russian railroad sector are expected to increase 20 percent to 30 percent in 2003.

On May 16, the Duma passed in the first reading the long-awaited bill on the sale and lease of agricultural land. The GOR draft gives regional authorities some discretion over the sale of land in their regions, including first purchase rights, and limits foreign ownership in border areas. A second reading will focus on foreigners' rights to buy farmland and the size of plots. Full passage of this bill is expected by this summer.

The Central Bank may consider simplifying the rules regulating foreign investment in banks, as small- and mid-sized banks have started to express interest in attracting foreign investment.

U.S. Government Funds Vnukovo Airport Growth Study. Cleveland-based law firm Squire Sanders & Dempsey has been chosen as the prime contractor for the study and will assess the feasibility of the construction of a new international terminal. If the project proves viable, Vnukovo's expansion could attract as much as \$500 million in investments over a period of several years.

A survey of 100 companies in Russia found that corporate governance, assessing internal controls, risk management and general business practices are on the rise.

On June 5<sup>th</sup>, the Central Bank enacted a new regulation which opens the way for faster repatriation of approximately \$4.5 billion in foreign-owned S-type funds locked in ruble-denominated accounts since the 1998 bond market crisis. The new rule cuts the term of deposits in conversion accounts, necessary for exporting the funds, from one year to four months.

Through its Overseas Private Investment Corporation, the U.S. government has signed a memorandum of understanding with the country's largest private bank, Alfa Bank, to promote investment projects in Russia. OPIC has pledged to support a \$100 million investment fund with a \$33 million loan. The fund targets regions or sectors whose financing needs are not met by the private sector.

## **Trade Leads From Russia**

### **Amusement Park Attractions**

St. Petersburg-based company is looking for suppliers of amusement parks and attractions equipment (new or used/reconditioned). Contact [Eva.Astakhova@mail.doc.gov](mailto:Eva.Astakhova@mail.doc.gov).

### **Automotive Industry**

A Russian company is looking for suppliers of automotive batteries, ignition plugs, engine and transmission oils, air and oil filters, shock absorbers, brake pads, wipers, car care products, anti-theft devices, truck tachometers. Contact [Marina.Vigdorchik@mail.doc.gov](mailto:Marina.Vigdorchik@mail.doc.gov).

### **Epoxy Formulation for Steel & Concrete**

A Russian company seeks suppliers of two-component epoxy formulation for protection of concrete and steel. Contact [Lubov.Savchenko@mail.doc.gov](mailto:Lubov.Savchenko@mail.doc.gov).

### **Franchising –Automotive Parts Retail Shops**

A Russian importer and distributor of automotive parts manufactured by famous foreign makers wants to expand the network of their retail shops in Moscow and is seeking a franchising partner. Contact [Oganes.Sarkisov@mail.doc.gov](mailto:Oganes.Sarkisov@mail.doc.gov).

### **Franchising – Fast-Food**

The owner of a restaurant in Yaroslavl is seeking to buy the franchising rights for a new fast-food/American style catering operation. Contact [Oganes.Sarkisov@mail.doc.gov](mailto:Oganes.Sarkisov@mail.doc.gov)

### **International Company Profile**

Need to perform a due diligence on a potential Russian partner? The U.S. Department of Commerce staff in Russia will be instrumental to obtain factual data on the company and help you assess risks.

### **Contact Lists**

Market your firm directly to Russian companies with a contact list from our flexible market research program. We provide you with up-to-date contact information on as many as ten Russian firms that fit the profile you provide us.

### **Product Literature Center**

A low-cost but effective and easy way for you to evaluate market potential and explore business opportunities. Offered in Moscow, St. Petersburg, and Vladivostok.

### **Hotel Management**

Two Russian companies in St. Petersburg are seeking a hotel operator for two (415 and 235 rooms) 3-star hotels in historical areas of St. Petersburg. Contact [Oganes.Sarkisov@mail.doc.gov](mailto:Oganes.Sarkisov@mail.doc.gov).

### **Packaging - Cosmetics**

A Russian company is looking for U.S. suppliers of glass bottles for perfumes and eau de colognes with volumes of 30 to 130 milliliters, pumps and caps for the bottles as well as plastic bottles for shampoos with volumes of 350 to 1,000 milliliters and caps for them. Contact [Ludmila.Maksimova@mail.doc.gov](mailto:Ludmila.Maksimova@mail.doc.gov).

### **Pharmaceutical Product**

A Russian company is looking for a U.S. supplier of anti-HIV gel. Contact [Ludmila.Maksimova@mail.doc.gov](mailto:Ludmila.Maksimova@mail.doc.gov).

### **Polypropylene Material**

A Russian company is looking for U.S. suppliers of polypropylene suture material with a diameter of about 0.1 millimeter used in production of intraocular lenses. Contact [Ludmila.Maksimova@mail.doc.gov](mailto:Ludmila.Maksimova@mail.doc.gov).

### **Recreational Equipment**

A Russian company seeks suppliers of the following equipment: bowling center, ice skating rink, cinema, video games and billiard/pool tables. Contact [Oganes.Sarkisov@mail.doc.gov](mailto:Oganes.Sarkisov@mail.doc.gov).

### **Recreational Equipment**

RFE company seeks a business partner to build the Amursky Aqua Park, an indoor complex, surrounding recreation and entertainment zone, indoor and outdoor water attractions, swimming pools, fitness rooms, saunas, fast food and parking. Contact [Tatyana.Soboleva@mail.doc.gov](mailto:Tatyana.Soboleva@mail.doc.gov).

### **Recreational Infrastructure**

A Russian company seeks suppliers of equipment for a 2,500 kilowatt hydroelectric power station, wood processing plant, and water and sewage treatment plants. Contact [Oganes.Sarkisov@mail.doc.gov](mailto:Oganes.Sarkisov@mail.doc.gov).

### **Technological Equipment for Medical Industry**

A Russian company is looking for suppliers of technological equipment to manufacturer intravenous solutions. Contact [Ludmila.Maksimova@mail.doc.gov](mailto:Ludmila.Maksimova@mail.doc.gov).

### **Used/Reconditioned CATERPILLAR Equipment**

A Russian company is looking for suppliers of used/reconditioned Caterpillar equipment (D6D to D11). Contact [Lubov.Savchenko@mail.doc.gov](mailto:Lubov.Savchenko@mail.doc.gov).

### **Vacuum Pump for Fishing Vessels**

A company in the Russian Far East is looking for suppliers of vacuum pumps for commercial fishing and refrigerating vessels. Contact [Irina.Konstantinova@mail.doc.gov](mailto:Irina.Konstantinova@mail.doc.gov).

### **White Oak Veneer**

Northwest Russian company seeks suppliers of white oak veneer. Contact [Mikhail.Minkevitch@mail.doc.gov](mailto:Mikhail.Minkevitch@mail.doc.gov).

## **Recent Market Reports From Commercial Service Russia**

### **Russia's New Land Code**

In late 2001, Russia's new Land Code came into effect. This new law is of critical importance to investors, as it strengthens the legal basis on which urban land may be transferred and held, and facilitates the transfer of state-owned urban land to private ownership. Contact [Oganes.Sarkisov@mail.doc.gov](mailto:Oganes.Sarkisov@mail.doc.gov) for the full text of this report.

### **Promote Your Company in Russia**

Planning to introduce your product in Russia? Why not do so with the U.S. Commercial Service?

### **General Market Research on Russia**

Off-the-shelf research on Russia available to you with a simple click of your mouse and/or customized market research brought to you by CS Russia.

### **Customized Market Research**

Our custom market research products put the market information that you need at your fingertips.

### **Environmental Technologies in the Russian Far East**

Over recent decades the environmental problems in the Russian Far East (RFE) have been accumulating to the extent that makes it urgent to introduce new environmental technologies to deal with them. There are prospects for U.S. companies interested in exporting pollution control equipment, environmental technologies and consulting services to the region. There is also growing interest among local businesses in recycling technologies and cleaner manufacturing processes. This report gives an overview of the current situation in the environmental sector of the region, and business opportunities for U.S. companies. Contact [Yana.Tselikova@mail.doc.gov](mailto:Yana.Tselikova@mail.doc.gov) for the full text of this report.

Please visit our web site at [www.buyusa.gov/russia/en/page64.html](http://www.buyusa.gov/russia/en/page64.html) for a complete list of newly released market reports.

## **Upcoming Trade Events**

### **Gold Key – Russia Explorer Program**

The Gold Key-Russia Explorer Program is designed to be the most cost effective means for American exporters to enter the important and complex Russian market. The program aims to make your time in Russia as productive, informative and fruitful as possible. The program features: appointments with prescreened and pre-qualified Russian firms; background and contact information on each potential partner, such as the size of the company, number of years in business, product or service lines, and capability to provide after-sales service; a customized market briefing with U.S. Commercial Service staff; available market research on the relevant industry sector; and a debriefing with U.S. Commercial staff to discuss results and plan follow-up action. There are current opportunities to participate in the following Gold Key - Russian Explorer programs.

### **International Motor Show**

Dates: August 21-25, 2002

Location: Moscow, Russia

Industries: Automotive products and services.

CS Contact: [Alexander.Kansky@mail.doc.gov](mailto:Alexander.Kansky@mail.doc.gov) or [Marina.Vigdorchik@mail.doc.gov](mailto:Marina.Vigdorchik@mail.doc.gov)

### **KOMI Republic - NW Russia**

Dates: September 4-5

Location: Komi, Russia

CS Contact: [Alexander.Kansky@mail.doc.gov](mailto:Alexander.Kansky@mail.doc.gov)

### **Dental Expo 2002**

Dates: September 9-12, 2002

Location: Moscow, Russia

CS Contact: [Ludmila.Maksimova@mail.doc.gov](mailto:Ludmila.Maksimova@mail.doc.gov)

### **Information Technologies**

Dates: October 21-25, 2002

Location: Moscow, Russia

Industries: Internet Communication Technology

CS Contact: [Inna.Nazarova@mail.doc.gov](mailto:Inna.Nazarova@mail.doc.gov) or [Irina.Lakaeva@mail.doc.gov](mailto:Irina.Lakaeva@mail.doc.gov)

### **International Forestry Forum**

Dates: October 15-19, 2002

Location: St. Petersburg, Russia

Industries: Equipment for woodworking and furniture production, forestry equipment, furniture, supplies and components for furniture production, and forestry products.

CS Contact: [Misha.Minkevitch@mail.doc.gov](mailto:Misha.Minkevitch@mail.doc.gov)

# Electronic Newsletters

## **Pharmaceuticals**

Dates: October 29 –November 2, 2002

Location: Moscow, Russia

CS Contact: [Ludmila.Maksimova@mail.doc.gov](mailto:Ludmila.Maksimova@mail.doc.gov)

## **Product Literature Centers**

Commercial Service Russia's Product Literature Center (PLC) program is a low-cost but effective and easy way for your company to evaluate market potential, gain exposure and explore business opportunities. Commercial specialists invite local buyers and distributors to view your company product literature, collect leads and send them directly to you for follow-up. PLCs are typically industry-focused and involve 6-10 U.S. firms. There are current opportunities to display your company's literature at the following PLCs.

## **International Motor Show**

Dates: August 21-25, 2002

Location: Moscow, Russia

Industries: Automotive products and services.

CS Contact: [Alexander.Kansky@mail.doc.gov](mailto:Alexander.Kansky@mail.doc.gov) or [Marina.Vigdorchik@mail.doc.gov](mailto:Marina.Vigdorchik@mail.doc.gov)

## **Building Products**

Dates: September 11-14, 2002

Location: St. Petersburg, Russia

CS Contact: [Alexander.Kansky@mail.doc.gov](mailto:Alexander.Kansky@mail.doc.gov)

## **Plastics & Polymers**

Dates: September 16-19, 2002

Location: Moscow, Russia

CS Contact: [Marina.Kamayeva@mail.doc.gov](mailto:Marina.Kamayeva@mail.doc.gov)

## **Textile and Light Industry Products and Equipment**

Dates: September 17-20, 2002

Location: Moscow, Russia      Web site: <http://www.textileexpo.ru>

Industries: Fabrics and yarns, apparel, footwear, textiles, knitwear, fur and leather products, accessories, machinery and raw materials.

CS Contact: [Marina.Parshukova@mail.doc.gov](mailto:Marina.Parshukova@mail.doc.gov)

## **Printing & Packaging**

Dates: September 17-20, 2002

Location: St. Petersburg,

CS Contact: [Misha.Minkevitch@mail.doc.gov](mailto:Misha.Minkevitch@mail.doc.gov)

## **Semiconductors**

Dates: September 24-25, 2002

Location: Moscow Russia

Industries: Semiconductor components, equipment, materials and

Web site: <http://events.semi.org/semiexpocis/V32/index.cvn>

CS Contact: [Maria.Chernobrovkina@mail.doc.gov](mailto:Maria.Chernobrovkina@mail.doc.gov)

## **Pharmaceuticals**

Dates: October 29 –November 2, 2002

Location: Moscow, Russia

CS Contact: [Ludmila.Maksimova@mail.doc.gov](mailto:Ludmila.Maksimova@mail.doc.gov)

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